

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

VERIFIED PETITION OF WESTFIELD GAS)
CORPORATION, D/B/A CITIZENS GAS OF)
WESTFIELD FOR (1) AUTHORITY TO INCREASE)
RATES AND CHARGES FOR GAS UTILITY SERVICE)
AND APPROVAL OF A NEW SCHEDULE OF RATES)
AND CHARGES AND TERMS AND CONDITIONS)
APPLICABLE TO GAS UTILITY SERVICE,)
INCLUDING APPROVAL PURSUANT TO RULE 5-1-)
27(F) OF THE COMMISSION'S RULES OF A FIVE-)
YEAR NON-GAS REVENUE TEST TO DETERMINE)
WHEN DEPOSITS ARE REQUIRED FOR FACILITIES)
EXTENSIONS; (2) APPROVAL PURSUANT TO)
INDIANA CODE SECTION 8-1-2.5-6 OF AN)
ALTERNATIVE REGULATORY PLAN AND)
AUTHORITY TO IMPLEMENT AN ENERGY)
EFFICIENCY ADJUSTMENT RIDER; (3) APPROVAL)
TO AMORTIZE AND RECOVER CERTAIN)
DEFERRED ENERGY EFFICIENCY REBATE COSTS;)
(4) AUTHORITY TO RECOVER UNACCOUNTED)
FOR GAS COSTS AND A PORTION OF THE GAS)
COST COMPONENT OF NET-WRITE OFFS)
THROUGH PETITIONER'S GAS COST)
ADJUSTMENT CHARGE; (5) APPROVAL OF NEW)
DEPRECIATION ACCRUAL RATES; AND (6))
APPROVAL OF A SERVICE LEVEL AGREEMENT)
BETWEEN PETITIONER AND CITIZENS ENERGY)
GROUP.)

FILED

MAY 29 2009

INDIANA UTILITY
REGULATORY COMMISSION

CAUSE NO. 43624

PREFILED TESTIMONY OF

SHERRY L. BEAUMONT – PUBLIC'S EXHIBIT SLB-1

ON BEHALF OF

THE INDIANA OFFICE OF

UTILITY CONSUMER COUNSELOR

May 29, 2009

WESTFIELD GAS CORPORATION
CAUSE NO. 43624
DIRECT TESTIMONY OF SHERRY L. BEAUMONT

1 **Q 1. Please state your name and business address.**

2 A. My name is Sherry L. Beaumont and my business address is 115 West
3 Washington Street, Suite 1500 South, Indianapolis, Indiana 46204.

4 **Q 2. By whom are you employed and in what capacity?**

5 A. I am employed by the Indiana Office of Utility Consumer Counselor (OUCC) as a
6 Utility Analyst in the Natural Gas Division.

7 **Q 3. Please describe your background and experience.**

8 A. I graduated from the School of Business at Indiana University in Indianapolis,
9 Indiana in May 1993, with a Bachelor of Science in Business with a concentration
10 in Accounting. Upon graduation, I worked as an Assistant Controller for ReGin
11 Manufacturing in Indianapolis, Indiana. In February 2001, I accepted a position
12 with Pro-Gard Industries, L.P. as a Controller. Then in August 2005 I accepted
13 an offer from Indiana Health Centers, Inc. as the Special Projects Coordinator to
14 the CFO. On October 1, 2007, I began my employment with the OUCC as a
15 Utility Analyst. Since joining the OUCC I have attended the NARUC Annual
16 Regulatory Studies Program week one and other educational programs and
17 studies.

18 **Q 4. What is the purpose of your testimony?**

1 A. The purpose of my testimony is to sponsor certain adjustments to Westfield Gas
2 Corporation's ("Westfield Gas" or "Petitioner") pro forma operating expenses to
3 properly reflect the correct amount of pro forma expense in Petitioner's revenue
4 requirements.

5 **Q 5. What have you done to formulate your opinions and prepare your testimony**
6 **in this cause?**

7 A. I analyzed Petitioner's pre-filed testimony, schedules, and work papers filed in
8 this Cause. I also reviewed Petitioner's books and records during the OUCC's
9 field audit conducted on April 22 through April 24, 2009. Additionally, I
10 prepared various discovery questions and analyzed Petitioner's responses. I also
11 discussed this Cause with other OUCC staff members, and incorporated my
12 discovery and analysis into my overall conclusions.

13 **Q 6. What adjustments are you sponsoring?**

14 A. As shown in Public's Exhibit SLB-2, I am sponsoring the following accounting
15 adjustments with attachments:

16 Adjustment-1 Charitable Contributions

17 Adjustment-2 Rate Case Expense

18 **Q 7. What are you proposing in Adjustment-1?**

19 A. I am proposing an adjustment to eliminate non-allowed expenses pursuant to
20 Indiana Code 8-1-2-6(c), which provides that the Commission may not consider
21 or approve any expense for institutional or image building advertising, charitable
22 contributions, or political contributions. In reviewing Petitioner's books and

1 records it was determined that there were several charitable contributions included
2 in the test year. These contributions consisted of golf outings and sign
3 sponsorships totaling \$1,110, as reflected on Adjustment-1. Therefore, I propose
4 a pro forma adjustment to remove these expenses from Petitioner's test year
5 expenses.

6 **Q 8. What are you proposing in Adjustment-2?**

7 A. During my review of Petitioner's books and records, I noted that two invoices
8 from one of Petitioner's consultants, O.K. Krohn & Associates, LLP, had been
9 expensed during the test year. These invoices could be traced to the "Regulatory
10 Commission" Acct. 928010 in Petitioner's general ledger, and are also included in
11 Petitioner's pro forma rate case expense adjustment. Petitioner has provided no
12 evidence that these test year rate case expenses have been removed from the pro
13 forma rate case expense calculation. These invoices totaled \$3,292.50 and it is
14 my recommendation that this amount be removed from the pro forma operating
15 expense adjustment, as reflected on Adjustment-2.

16 **Q.9 Do you agree with petitioner's proposed three-year amortization period for**
17 **rate case expenses?**

18 A. No.

19 **Q 10. Are you proposing an alternative amortization period for rate case**
20 **expenses?**

21 A. Yes. The last rate order for Westfield Gas was issued over seven years ago on
22 February 27, 2002 in Cause No. 42095-U. The previous rate order for Westfield
23 Gas was nearly five years prior to that on September 25, 1997 in Cause No.

1 40793. Westfield Gas was purchased by Citizens Energy Service Corporation in
2 2004, and filed the current rate case nearly five years after the purchase. In recent
3 history, Westfield Gas' rate case orders have occurred, on average, every six
4 years. I believe, given this fact, that a six-year rate case amortization period is
5 reasonable and supported by the evidence. However, I am recommending a five-
6 year amortization period because I understand Petitioner is adding infrastructure
7 and new customers. Therefore, Petitioner may file a new rate case in a time frame
8 that is more in line with the five-year time period since its purchase in 2004.
9 Thus, Adjustment-2 uses a five-year amortization period, yielding a total pro
10 forma rate case expense adjustment of \$30,131.

11 **Q 11. Does this conclude your prefled direct testimony?**

12 A. Yes, it does.

Westfield Gas Corporation
Office Supplies & Expen.Other/Misc. & Meals & Entertainment
Adjustment - 1

Public's Exhibit SLB - 2
Cause No. 43624
Adjustment -1
Page 1 of 5

Prepared by: S. Beaumont

Line No.				Reference
1	Acct. 921010		Acct.	
	Office Supplies & Expen.Other/Misc. - 1024			
	Office Supplies & Expen: Meals and Entertainment - 1020			
	Less: Charitable Contributions			
2	Monon Trail & Midland Trace Trail	(200.00)	1024	1/
3	Monon Trail & Midland Trace Trail	(40.00)	1024	1/
4	Hamilton Cty. Council Golf Outing	(670.00)	1020	1/
5	Westfield Athletic Booster Club Golf Scramble	<u>(200.00)</u>	1020	1/
6		<u>\$ (1,110.00)</u>		sum of lns 2 through 5
7	Proforma Adjustment		<u><u>\$ (1,110.00)</u></u>	Total

Note:

1/ See attached copies of invoices

JENNIFER WE DO NOT HAVE THEM
SET UP AS A VENDOR

TRADEWINDS



RECEIVED
SEP 14 2007

I sent them a Vendor Information form 3/28/07.

BY:

MONON TRAIL AND MIDLAND TRACE TRAIL
SIGN SPONSORSHIP
INVOICE

Company Name Citizens Gas
Address 2020 N. Meridian St. Indianapolis, IN 46202
Phone 317-927-4445 Fax 317-927-4445
E-Mail Address jmentink@cgc.com

Customer Signature _____ Date _____

#10583

Cost of each Trail sign is \$200 (two hundred). Make check payable to Tradewinds and mail to Washington Township Parks & Recreation 1549 E. Greyhound Pass Carmel, IN 46032 attention: Melody Sweat.

Trail sponsorship sign actual cost is \$46.00. Make check payable to Express Graphics and mail to Washington Township Parks & Recreation 1549 E. Greyhound Pass Carmel, IN 46032 attention: Melody Sweat.

THANK YOU FOR SUPPORTING RECREATIONAL
TRAILS IN WESTFIELD!

921010.
7010\Admin Exp\1024
Monon & Midland trace signs
in Westfield territory

APPROVED 03/29/07
utlchb

APPROVED 03/28/07
mktj/m

msweate@washingtontownship-hc.us

Sponsorship signs.
no PO needed.

DR-1 Q-4
Detailed GL
Page 1211

JENNIFER WE DO NOT HAVE THEM TRADEWINDS
SET UP AS A VENDOR



RECEIVED
SEP 14 2007

I sent them a Vendor Information form 3/28/07.

BY:

MONON TRAIL AND MIDLAND TRACE TRAIL
SIGN SPONSORSHIP
INVOICE

Company Name Citizens Gas
Address 2020 N. Meridian St. Indianapolis, IN 46202
Phone 317-927-4445 Fax 317-927-4445
E-Mail Address jmentink@cgcg.com
Customer Signature _____ Date _____

Cost of each Trail sign is \$200 (two hundred). Make check payable to Tradewinds and
mail to Washington Township Parks & Recreation 1549 E. Greyhound Pass Carmel, IN
46032 attention: Melody Sweat. 40.00

10503

Trail sponsorship sign actual cost is \$ 46.00 ^{\$40.00}. Make check payable to Express
Graphics and mail to Washington Township Parks & Recreation 1549 E. Greyhound Pass
Carmel, IN 46032 attention: Melody Sweat.

THANK YOU FOR SUPPORTING RECREATIONAL
TRAILS IN WESTFIELD!

921010
7010 Admin Exp 1024
Monon & Midland trace signs
in Westfield territory

APPROVED 03/29/07
utichb

msweat@washingtontownship-hc.us

APPROVED 03/28/07
mktjjm

No longer on match only
No PO needed.

SR-1 Q-4
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Page 1211

Invoice

Date	Invoice #
7/10/2007	150

Bill To
Citizens Gas Krista Jackson 2020 N. Meridian St. Indianapolis, IN 46202

**Hamilton
County
Council**


Builders Association of Greater Indianapolis
PO Box 44670
Indianapolis, IN 46244
317/236-6330
Fax. No. 236-6340

Description	Qty	Rate	Amount
Foursome and hole sponsor at August Golf outing 921610 7010 Admin Exp\1020 APPROVED 07/12/07 mktkjj RECEIVED JUL 11 2007 BY:----- APPROVED 07/13/07 utlchb	1	670.00	670.00
Total			\$670.00
Balance Due			\$670.00

PLEASE MAKE CHECK PAYABLE TO HAMILTON COUNTY COUNCIL &
INDICATE INVOICE NUMBER ON CHECK

THANK YOU!

88-104
Detailed GL
Page 1210



Westfield
Athletic
Booster
Club, Inc.

P.O. Box 495, Westfield, IN 46074

INVOICE

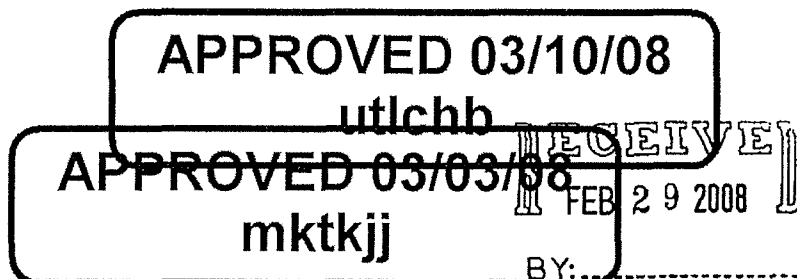
Company Name Citizens Gas
Address
City, ST ZIP

2/27/08
Due Upon Receipt

INVOICE NO: 07-G001



DESCRIPTION	Qty	PRICE
2008 WABC Golf Scramble - Hole Sponsor	1	\$200.00



921010

7010Admin Exp11024

Invoice Total

\$200.00

Please make checks payable to the WABC.

We thank you for your continued support of Westfield Athletics

2R-1 Q-4
Detailed GL
Page 1211

Westfield Gas Corporation
Regulatory Commission Exp. Other/Misc.
Adjustment - 2

Public's Exhibit SLB - 2
Cause No. 43624
Adjustment -2
Page 1 of 4

Prepared by: S. Beaumont

Line No.				Reference
1	Rate Case Exp.	\$ 153,946.00		
2	Acct. 928010 Regulatory Commission Exp.Other/Misc. 1024		Acct.	
	Less: Rate Case Expenses expensed in test year:			
3	O.W. Kohn & Associates, LLP dated 10/31/07	(2,392.50)	1024	1/
4	O.W. Kohn & Associates, LLP dated 12/31/07	<u>(900.00)</u>	1024	1/
5		<u>\$ (3,292.50)</u>		sum of lns 3 through 4
6			<u>\$ 150,653.50</u>	ln 1 minus ln 5
7	5 year Amortization		5	
8	Proforma Adjustment		<u><u>\$ 30,130.70</u></u>	ln 6 divided by ln 7

Note:

1/ See attached copies of invoices

Westfield Gas Corporation
Amortization of Rate Case Expenses

Printed: 3/20/09 2:15 PM
Prepared by: J. Phillips,

Line No.			Reference
1	Test Year Rate Case Expense	\$0	
	Plus: This Cause		
2	Other Legal/Outside Services	12,153	1/
3	Consulting - Umbaugh and Assoc.	50,000	1/, 2/
4	Depreciation witness fees	2,255	2/
5	Consulting - Krohn and Assoc.	41,656	1/, 2/
6	Legal - Hackman Hulett & Cracraft	47,882	1/, 2/
7	Total this Cause	\$ 153,946	sum of lns 2 through 6
8	3 Year Amortization	3	
9	Proforma rate case expense	<u>51,315</u>	In 7 divided by In 8
10	Proforma adjustment	<u>\$ 51,315</u>	In 9 - In 1

Note:

1/ See worksheet "Deferred Rate Case Expense 10/31/08
Account 928040 adjusted

2/ See attached communications for estimated costs

40167.1.3002

Regulatory Commission Exp. Other/Misc.
1024

7010. Reg. Comm. Exp.
928010

Public's Exhibit SLB - 2
Cause No. 43624
Adjustment - 2
Page 3 of 4

1024



O.W. Krohn & Associates, LLP
CPA's and Consultants

OIC CS

11/30/07

231 E. Main Street
Westfield, Indiana 46074

Phone (317) 867-5888
www.owkcpa.com

INVOICE


Latona Prentice, Director of Regulatory Affairs
Citizens Gas & Coke Utility
2020 North Meridian Street
Indianapolis, Indiana 46202

RE: CITIZENS GAS OF WESTFIELD

For professional services rendered in connection with revisions and updates to the proposed Rate Case Exhibits. Includes meetings and consultations with representatives of Citizens Gas, assistance with updates, adjustments, form of entity and rate of return matters, as well as progress on proposed IURC rate case exhibits.

PROGRESS BILLING:

Time summary through:	10/31/2007	Hours
CPAs		14.50
Consultants		0.00
Para-professionals		0.00
Time charges through:	10/31/2007	Amount
Standard time charges		\$2,392.50
Out of pocket costs		0.00
INVOICE AMOUNT		<u>\$2,392.50</u>

 **Citizens Gas**
of Westfield
P.O. Box 7056
Indianapolis, IN 46207-7056

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BY:

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Westfield

928010
7010 Reg Comm Exp 1024

Public's Exhibit SLB - 2
Cause No. 43624
Adjustment - 2
Page 4 of 4



231 E. Main Street
Westfield, Indiana 46074

Phone (317) 867-5888
www.owkcpa.com

INVOICE

Latona Prentice, Director of Regulatory Affairs
Citizens Gas & Coke Utility
2020 North Meridian Street
Indianapolis, Indiana 46202

APPROVED 01/24/08
utlchb

RE: CITIZENS GAS OF WESTFIELD

For professional services rendered in connection with revisions and updates to the proposed Rate Case Exhibits. Includes meetings and consultations with representatives of Citizens Gas, assistance with report updates and revisions, form of entity and rate of return matters, as well as progress on proposed IURC rate case exhibits.

PROGRESS BILLING:

Time summary through:	12/31/2007	Hours
CPAs		7.00
Consultants		0.00
Para-professionals		0.00
Time charges through:	12/31/2007	Amount
Standard time charges		\$1,155.00
Courtesy adjustment		<u>-255.00</u>
INVOICE AMOUNT		<u><u>\$900.00</u></u>

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BY:.....

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The undersigned, Sherry L. Beaumont, under penalties of perjury and being first duly sworn on her oath, says that she is an employee for the Indiana Office of Utility Consumer Counselor; that she caused to be prepared and read the foregoing that the representations set forth therein are true and correct to the best of her knowledge, information and belief.

Subscribed and sworn to before me, a Notary Public, this 29th day of May, 2009.

My Commission Expires: October 22, 2010
My County of Residence: Johnson

CERTIFICATE OF SERVICE

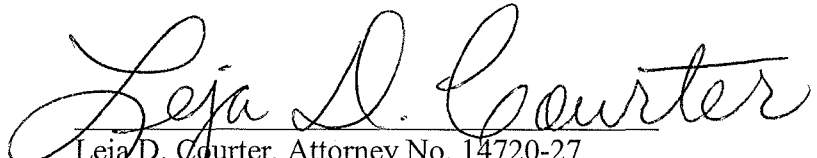
This is to certify that a copy of the foregoing **OUCCE TESTIMONY OF SHERRY L. BEAUMONT** has been served upon the following parties of record in the captioned proceeding by electronic service and/or by depositing a copy of same in the United States mail, first class postage prepaid, on May 29, 2009.

Citizens Energy Group

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mallen@citizensenergygroup.com
lprentice@cgcuc.com

Hackman Hulett & Cracraft, LLP

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skrohne@hhclaw.com



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Assistant Consumer Counselor

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